

Message Text

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51

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TAGS: ECON, PL

SUBJECT: FIRST QUARTER SHOWS CONTINUED GROWTH, STRESSES IN
POLISH ECONOMY

REF: WARSAW 0031

1. AS FIRST QUARTER STATISTICS ARE MADE PUBLIC, IT IS BECOMING APPARENT THAT POLAND'S ECONOMY CONTINUED TO EXPAND DURING THE EARLY MONTHS OF 1974. EQUALLY CLEAR IS THE FAILURE OF PLANNERS TO BRING THE INVESTMENT RATE AND THE VOLUME OF IMPORTS UNDER CONTROL. NOTING THAT THE HIGH LEVEL OF ECONOMIC ACTIVITY IS CREATING TENSIONS IN THE FOREIGN TRADE, DOMESTIC MARKET AND TRANSPORT SECTORS, THE COUNCIL OF MINISTERS HAS CALLED FOR INCREASED DISCIPLINE IN IMPLEMENTING THE 1974 PLAN.

2. FIGURES RELEASED FOLLOWING A MEETING OF THE COUNCIL OF MINISTERS HELD APRIL 22 TO ASSESS FIRST QUARTER ECONOMIC PERFORMANCE SHOW HIGH RATES OF GROWTH IN INDUSTRIAL PRO-
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DUCTION, CONSTRUCTION, AND RETAIL TRADE. AS CAN BE SEEN

FROM THE FOLLOWING TABLE, HOWEVER, THESE PROMISING RESULTS WERE ACCOMPANIED BY AN INCREASE IN INVESTMENT OUTLAYS WHICH FAR EXCEEDS THE REDUCED LEVEL PLANNED FOR 1974, AND A VOLUME OF IMPORTS WHOSE VALUE HAS INCREASED AT NEARLY TWICE THE RATE PRESCRIBED IN THE 1974 PLAN.

	1974 PLAN	1974 FIRST QUARTER (INCREASE OVER FIRST QUARTER 1973)
INDUSTRIAL PRODUCTION	11.0 PERCENT	12.9 PERCENT
CONSTRUCTION	N/A	20.7 PERCENT
INVESTMENT (SOCIALIZED SECTOR)	12.4 PERCENT	26 PERCENT
REAL WAGES	5.0 PERCENT	6.9 PERCENT
VALUE OF EXPORTS	19.4 PERCENT	23.7 PERCENT
VALUE OF IMPORTS	22.1 PERCENT	41.5 PERCENT

3. COMMENT: ALTHOUGH THE RAPID INCREASE IN THE VALUE OF IMPORTS IS NO DOUBT CAUSED IN PART BY RISING WORLD PRICES, THIS CAN HARDLY BE A CONSOLATION FOR THE POLES AS THEY ATTEMPT TO BRING SOME BALANCE TO THEIR TRADE WITH THE EST. ON THE DOMESTIC SIDE, THE CONTINUING HIGH RATE OF INVESTMENT, FUELED BY IMPORTS, IS CONTRIBUTING TO INFLATIONARY PRESSURES AS RESOURCES ARE STRETCHED BETWEEN THE INITIATION OF NEW PROJECTS AND THE COMPLETION OF PLANTS ALREADY UNDER CONSTRUCTION. WAGE INCREASES WILL BOOST CONSUMER DEMAND DURING 1974, AND GOVERNMENT OFFICIALS ARE EXPRESSING SOME CONCERN THAT PRODUCTION FOR THE DOMESTIC MARKET MAY NOT KEEP PACE. END COMMENT.
DAVIES

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